



HAWAII CREDIT UNION LEAGUE

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April 6, 2009

Mary Rupp, Secretary to the Board
National Credit Union Administration
Via E-mail to regcomments@ncua.gov

**Re: Hawaii Credit Union League Comments on
Advance Notice of Proposed Rulemaking for Part 704**

Dear Ms. Rupp:

Hawaii Credit Union League (HCUL) is the state trade association for 91 credit union domiciled in Hawaii and two in Guam. HCUL is an association member of Western Corporate FCU (WesCorp). All but one of Hawaii's 91 credit unions and both in Guam are served by WesCorp. From HCUL's perspective, local services from our corporate are extremely important due to the geographic isolation of Hawaii and Guam, and time difference from the rest of the United States. The expanse in miles and time pose significant challenges for item processing and settlement activities.

The comments that follow are limited to three major areas affecting HCUL as well as credit unions in Hawaii and Guam. In keeping with guidance provided by NCUA Board Member Gigi Hyland, we are addressing three major areas:

1. The role our corporate credit union plays in helping us serve our members;
2. How and why we do or don't rely on their products or services; and,
3. How we see our corporate playing a part or not in the execution of our strategic plan.

The role WesCorp plays in helping us serve our members.

WesCorp provides share draft processing, account management, and short-term investment services directly to HCUL, and partners with HCUL in providing strategic planning and other consultancy services to assist credit unions in Hawaii and Guam. Many of those services are critical to credit unions – especially those credit unions without a high level of technical, operational, analytical, or financial expertise. The experience and expertise contained in the Pacific Operations office of WesCorp, located in Honolulu, has been long recognized and respected by the credit unions of Hawaii and Guam. That office has earned and maintained a service-oriented framework Hawaii and Guam credit unions are familiar with, and are particularly adept at analyzing operational problems and providing viable solutions.

One of WesCorp's primary roles is to provide expertise at the local level to credit unions. Another is to provide high-quality, cost-effective services to HCUL and member credit unions, thereby helping to minimize the cost of products and services to their members.

WesCorp also maintains strategic partnerships with several organizations within and outside of the credit union movement. For example, it provides administrative support for HICUSO, a credit union service organization that performs shared branching services for participating credit unions. Because HICUSO has no staff, WesCorp provides the de facto staffing.

An example outside the credit union movement is HawaiiFIRST for Continuity regional partnership coalition. Established under the direction of the U.S. Department of the Treasury and supported by Homeland Security Directive #7, this is a non-profit coalition of all Hawaii financial institutions. Its purpose is to address issues which impact survivability for the financial industry as a whole. In addition to WesCorp, strategic partners include the state's Civil Defense Division, Department of Health, and Division of Financial Institutions.

Strategic partnerships are limited to public and private sector enterprises which are committed to improving the financial industry's resiliency and the recovery in the aftermath of a disaster. As a strategic partner, WesCorp provides a critical resource and voice for Hawaii's credit unions. Representatives from WesCorp attend quarterly meetings of the coalition and support HawaiiFIRST initiatives to assist in the creation of communication and logistical plans to support Hawaii's financial services recover in the event of a major disaster. WesCorp's role in share draft processing, cash shipments, communication, and settlement functions are deemed critical, so a lack of physical presence in Hawaii would have a severe and negative impact on the credit unions of Hawaii.

How and why we rely on WesCorp's products or services.

Services are provided to HCUL in the same manner and under the same conditions as those provided to natural person credit unions in Hawaii and Guam. HCUL elected to retain share draft processing, account management, and short-term investment services with WesCorp upon its merger with Pacific Corporate FCU, a Honolulu-based corporate credit union, about five years ago. HCUL could have chosen a state-chartered credit union, several federal credit unions, or a non-credit union financial institution to provide these services. The primary reason HCUL chose to remain with WesCorp is to stay loyal to the credit union system. Lower cost for these services was also a major consideration, in addition to its physical presence in Hawaii.

How we see WesCorp playing a part in the execution of our strategic plan.

Simply put, the goal of HCUL's strategic plan is to create a favorable environment in which credit unions can succeed. Success for credit unions can be measured in quantitative and qualitative terms. WesCorp (and its predecessor Pacific Corporate FCU) have undeniably played a significant role in the success of credit unions in Hawaii and Guam.


Examples of how HCUL and WesCorp have worked together to help credit unions succeed are countless. Among them are joint "Hill visits" to Hawaii's congressional delegation to advocate for passage of legislative measures to strengthen credit unions; joint educational sessions to keep credit union management, volunteers, and staff apprised of regulatory and legal compliance issues; joint field visits to improve the financial performance of credit unions experiencing negative net income; and facilitating strategic planning sessions for credit unions.

Obviously, if WesCorp had no local presence in Honolulu, HCUL would find another institution to provide the share draft processing, account management, and short-term investment services that are currently provided by WesCorp. If such were the case, there is no doubt the alternative institution would not have the same level of sensitivity to and expertise in those services, and pricing would likely be substantially higher.

It is clear HCUL continues to rely on WesCorp to provide credit unions in Hawaii and Guam with high-quality, cost-effective products and services – as well as for advocacy, educational, and other assistance. It is for these reasons that HCUL respectfully recommends WesCorp be allowed to continue as a going-concern, and its Pacific Operations office in Honolulu be retained.

Thank you for the opportunity to comment on the advance notice of proposed rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read 'DKT', with a large, stylized loop at the end.

Dennis K. Tanimoto
President and Chief Executive Officer